



Elder Financial Abuse

Los Angeles County District Attorney's Office

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Real Estate Fraud

A company has urged me to take out a second mortgage or convey property to get out of debt. What are the risks?

Most seniors' primary asset is their home. When seniors are victimized through mortgage loan fraud or when caretakers and others defraud them out of the title to their property, elders risk losing their home or being tied up in a legal dispute.

Con artists search public records to find mortgage-free homes or homes with significant equity, many of which are owned by seniors. Posing as the homeowner, these criminals fraudulently obtain mortgage loans and disappear with the money. When mortgage payments are not made, the lender forecloses. This could result in the senior losing his/her home or having to pay a lawyer to clear the title.

In addition, many companies also push "reverse mortgages," which are home-equity loans that allow homeowners to convert some of the equity in their homes to cash while they retain ownership. But there are risks involved, particularly that you may lose your home if you are unable to repay the loan.

Warning Signs

- You are urged to take out a second mortgage on your home get out of debt fast. Frequently when this occurs the con artist submits false financial information so that you qualify for the new loan, but pockets your closing costs.
- Even before you have agreed to refinance, the lender's representative asks you for personal identification information (Social Security number, financial account numbers, etc.).
- Caretakers and/or caregivers try to persuade you to sign a deed conveying property to them or sign loan documents for a mortgage against the senior's property.

Prevention

- Do not take out a loan, a reverse mortgage or transfer property unless trusted family members and friends agree that it should be done and they witness the proposed transaction.
- If you receive a letter from a mortgage company notifying you of a mortgage on your home for which you never applied, immediately call the Los Angeles County Department of Consumer Affairs Real Estate Fraud Hotline at (800) 973-3370. Also, notify the mortgage company that you did not apply for the loan.
- Never sign anything without being sure you know the full consequences of what you are signing. If you have any doubts, discuss them with someone you trust.
- Do not give personal information, such as your Social Security number, to a stranger or loan salesperson.

For more information about real estate fraud, including information about reverse mortgages, visit the Los Angeles County Department of Consumer and Business Affairs website

(<http://dcba.lacounty.gov/wps/portal/dca/main/home/yourhome/owningyourhome>).